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AN INDEPENDENT NEWSPAPER

Sleeper in the Tax Bill

THE TAX legislation the House is scheduled to take up this week contains a potentially powerful, little-noticed provision that has to do not with taxes at all, but with spending. Income taxpayers could designate that up to 10 percent of their liability be used not to finance current expenses but to pay down the debt. Reducing the debt is an unassailable goal, and the check-off sounds like a laudable means as well. Let the people decide. In fact, it's another anti-majoritarian proposal that would bend the democratic system out of shape: One dollar, one vote, it's been called. The people who by virtue of income owe and pay the most would have the power. Ten percent of the population would have the ability to require sizable spending cuts even if the other 90 percent and presumably their representatives in Congress were opposed.

Members of Congress—and presidents—make proposals all the time to set up “trust funds” or other such accounts for reducing the deficit. Most such proposals are merely accounting devices and fake. Money from taxes or budget cuts that would otherwise be used for current expenditures is indeed set aside in a special account marked deficit or debt reduction, and everyone feels good because the government will have to borrow less. But having set the money aside, the government has less to cover

current costs and therefore must also borrow more. The two steps cancel each other out. Nothing has happened except on paper.

To avoid such an outcome, the new proposal includes an enforcement mechanism. The Internal Revenue Service each year would tell Congress the amount that taxpayers had checked off for debt reduction the year before. Congress would then have to cut spending that much or an automatic sequestration would occur—an across-the-board budget cut equally applied to everything but Social Security retirement benefits, deposit insurance payments, payments to meet certain contractual obligations and interest on the debt. The definition of cut is such that, if Congress were working toward a balanced budget using only spending cuts, that might be enough most years to meet its obligation; it wouldn't have to do more. In that sense, you could say that at least for now the check-off would be only a reserve clause, to come into play only if Congress defaulted. Why not do it?

But it's the wrong kind of device. Both spending and the deficit urgently need to be cut, but not at the price of democratic rule. Congress has to step up to the issue and make the cuts itself as the Constitution provides. The responsibility can't be handed off.